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JAN 21 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

MEMORANDUM TO: Donna L. Searcy
Secretary

FROM: Office of Commissioner Duggan

RE: Ex Parte Filings in Unrestricted Rulemaking Proceeding

DATE: January 21, 1993

Please include the attached letter in the record of Gen.
Docket No. 90-314 and ET Docket No. 92-100. ✓

Attachment

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December 11, 1992

Ms. Linda Oliver
Legal Advisor to Commissioner Duggan
Federal Communications Commission
1919 M. Street NW - Room 832
Washington, DC. 20554

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JAN 21 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: AT&T Acquisition of McCaw

Dear Ms. Oliver:

We know you are vitally interested in AT&T's bid to purchase a large and potentially controlling stake in McCaw Cellular Communications. This move highlights the need to accommodate under the new PCS/PCN rules a way to provide instant competition and access to the market by institutions and enterprises (including small and minority owned businesses) which are not industry giants.

The traditional paradigms which have been our past guides must be broken.

As stated in our previously filed comments on NPRM, the Commission should consider an additional "wholesale only" license concept. The grant of this type of license would be in addition to and not in lieu of multiple grants of full user licenses. The wholesale licensee would be limited to selling capacity to re-sellers, Federal, State, and Local Government Agencies and would not be permitted to enter into retail or end user sales to residential or commercial accounts. The licensee would be permitted to utilize the network for its own internal communications provided that this use did not exceed 10% of the available capacity during peak utilization periods. The licensee would be permitted to provide point to point dedicated fiber optic communications services to displaced 2Ghz microwave licensees.

There is no need for the limited wholesale license territory to be co-extensive with that defined for full service owner operators. Thus, there could develop, totally independent from full user territories, a national matrix of areas for wholesale services. It would make sense to make these wholesale territories smaller or in any event consistent with already built or anticipated infrastructure capable of supporting the PCS network apparatus and fiber. A nationwide example of such an area definition would be the electric utility industries service territories. Electric utilities will in the near future have an increasing need for intra-corporate communication networks in the managing of their transmission and distribution networks and interfacing with their customers. This approach to the definition of license areas could be the beginning of a nationwide fiber optic highway that could develop naturally. In the near term it will provide (because of the need for self use as well as additional infrastructure for third party use) a low cost alternative for PCN capacity.

The currently proposed method for issuing owner-operator licenses would limit true head to head retail competition to the same few telecommunications giants that control the market today. This can be changed by promoting the development of a shared communications highway through the issuing of a wholesale-only license. It would facilitate entry and use by new and existing small and minority owned businesses by eliminating the enormous barrier to entry caused by the very large capital investment requirements. Used as a strategic tool, it will stimulate growth, increase competition, encourage entrepreneurial ventures, assure a diversity of service offerings and most importantly

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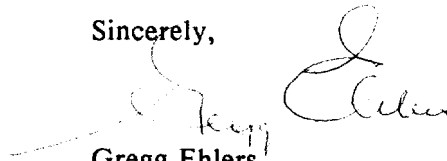
provide an equal opportunity for all communications firms to provide competitive services with those provided by the owner-operators.

The FCC can make this advanced communications technology available to an extensive array of retail service providers, and ultimately to consumers, by creating a truly new wholesale environment. Under the control of strictly an owner-operator license scheme, even though wholesale capability theoretically exists, it would not be made available by the full user licensee to re-sellers on terms which would allow the re-sellers to effectively compete with the owner-operator. In contrast, acceptance of the wholesale only license proposal will produce virtual instant competition. Equally and perhaps even more importantly, the wholesale approach will encourage the development of a diversity of offerings which might never happen under competition involving only a limited number of full service operators.

With electric utilities or other private or public network operators participating in the creation of a wholesale communications network, the FCC would promote the most cost-effective and fastest method of providing these new communication services to the consumer and the beginning of a national communications highway.

The Commission needs to evaluate the impact of the AT&T/McCaw development on its proposed PCS/PCN rules in light of the objective of ensuring competition, diversity of participants and diversity of offerings.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gregg Ehlers", is written over a horizontal line.

Gregg Ehlers
Vice President
Information and Technology Engineering
TECO Energy, Inc.
(813) 225-5145